



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Medium Term Financial Strategy

2026/27 – 2030/31



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Medium Term Financial Strategy 2026/27 to 2030/31

1. Corporate Plan

- 1.1 The Council Plan for 2022-2026 sets out the Council's priorities and serves to focus the work of everyone at the Council.
- 1.2 The Council Plan is shaped around our four key priorities:
 - One Council Delivering for Local People
 - A Successful and Sustainable Growing Borough
 - Healthy, Active and Safe Communities
 - Town Centres for All
- 1.3 The Council Plan sets out how we will work to make Newcastle-under-Lyme a better place for everyone who lives here or comes here to work, to study or for leisure. Our aims can only be achieved by taking advantage of every opportunity available and developing further opportunities through innovation and collaborative working.
- 1.4 The Council is committed to strong and sustainable economic growth for the borough, focusing on opportunities around Keele University, Newcastle Town Centre and Kidsgrove.
- 1.5 The Council has worked hard to secure significant grant income from government programmes aimed at boosting the economic fortunes of areas such as ours. This plan includes a transformational portfolio of major projects but also reflects our ambition to attract yet more funding and take this work even further.

2. Financial Strategy

- 2.1 A sound financial strategy is key to the delivery of the Corporate Plan and financial resilience.
- 2.2 There are five key strands to the strategy:
 - A financially self-sustaining Council
 - Value for Money
 - Everyone's responsibility culture
 - Underpinned by robust financial position
 - Ensuring a fair financial settlement for Newcastle-under-Lyme

Financially Sustainable Council

- 2.3 The change in the balance of funding to local authorities has shifted over the last ten years. The reduced Revenue Support Grant awarded by Government has been replaced by income from retained Business Rates and Council Tax. This has led to a need for local authorities to increase self-financing with a need to promote and grow the local economy and Council Tax bases to provide prosperity and reduce need alongside delivering efficiencies and generating more income.
- 2.4 Newcastle-under-Lyme has a growing population, but in recent decades it has seen low levels of house building which have not kept up with housing demand. The resulting affordability gap for residents influenced by the cost of living puts pressure on our homelessness and temporary accommodations services but also has the risk of dampening council tax income.

- 2.5 Newcastle-under-Lyme's industrial and retail sectors have remained healthy in recent times and the business rates base has grown significantly (rateable value of £102.912m for 2025/26) since the borough joined the Staffordshire business rates pool in 2013/14 (rateable value of £83.842m).
- 2.6 Alongside the growth in the tax base the rates need to keep base with the Council's inflationary and demand pressures, whilst also reflecting the financial pressures facing our residents. Accordingly the MTFS assumes annual inflationary increases in the tax base.

Value for Money

- 2.7 It is essential that the Council makes best use of its finite resources. In simple terms this means evidence based decisions, testing the market, strong business cases, delivering on the corporate objectives.

Culture

- 2.8 The Council's finances need to be everyone's responsibility. It is not the sole responsibility of the Council's Section 151 Officer. Ownership is required across the entire Council. This has increasingly been the case through years of austerity and the financial impacts of the Covid-19 and Cost of Living crises and the continued uncertainty around Local Government funding.

Robust Financial Position

- 2.9 There needs to be clear, transparent and integrated service and budget planning to ensure the Council's finite resources are directed to where they are most needed. It is essential that the finances are understood by members, senior officers, managers and the community. The finances need to be sustainable. A single year budget is not enough, the finances need to be planned over the medium term and good practice is for this term to be five years.
- 2.10 The budgets need to be robust with realistic savings plans to avoid in year volatility. The five year plan needs to recognise all future pressures and income flows. Local Government is a dynamic environment with many demand led services and the growth in demand for services needs to be accurately modelled. The same applies on the income side with a clear understanding required of changes to the Council Tax and Business Rates tax bases and the level of Government support.
- 2.11 There is inevitably a gap between the two or the need to invest in priority areas which will need to be met by changing the way in which the Council operates. This will be through the delivery of efficiencies, reducing services or generating more income. All of these measures need to be realistic with appropriate processes in place to ensure their delivery.
- 2.12 Finally, the Council needs to hold an appropriate level of reserves to ensure that it can continue to deliver its objectives in times of financial uncertainty. These reserves can be used to cover the smoothing of spend areas that are known to move from year to year, for specific and general risks and a general provision for unknown risks.
- 2.13 Much work has been done to put the Council's finances on a robust sustainable footing. Undeliverable savings and historical overspends have been built back into the base budget, there is a more focussed view of the strategy for the medium term and there is a far more realistic assessment of future demographic pressures and investment needs. In addition, a 'Ten Year Capital Strategy' has ensured that decision making

considers this wider, long term context. This Strategy will set out how this approach can be taken further forward.

Fair Funding Review

- 2.14 The Fair Funding Review 2.0 will be implemented ahead of the 2026/27 financial year. The review refreshes the methodology for distributing a fixed pot of funding between local authorities covered by the local government finance settlement.
- 2.15 The last time the underlying distribution methodology was refreshed through changes to formulae and data was in 2013, at the time of the establishment of the business rates retention system. The major share of the settlement funding assessment was split 60/40 between Revenue Support Grant and the 50% value of locally raised business rates (Baseline Funding Level).
- 2.16 Subsequently, the Revenue Support Grant was reduced to deliver reductions to Council funding while the Baseline Funding Level grew in line with the change in the business rates multiplier (where multiplier changes were capped, Councils received a compensation grant for funding which would otherwise have been delivered through this baseline increase).
- 2.17 Since 2013/14 the Council has increased its locally raise business rates significantly when compared to the Baseline Funding Level determined by Central Government. This, coupled with the benefits generated from pooling has resulted in £3.174m of funding above the baseline being retained by the Council.
- 2.18 Funding received and retained by the Council in 2025/26 that is subject to redistribution under the Fair Funding Review amounts to £9.360m, including the benefits referred to at 2.17, for 2026/27 this will amount to £9.234m – a reduction in funding of £0.126m. With further reductions of £0.454m in 2027/28 and £0.472m in 2028/29. As part of the 2025/26 budget setting £0.500m was set aside to contribute to this anticipated reduction, it is anticipated that this will be utilised in 2027/28 and 2028/29.
- 2.19 Finally the Council has been successful in ensuring that significant resources required to regenerate the borough have been secured via Town Deals and Future High Street Fund (a number of projects are completed or well underway). The Council will continue to work to secure inward investment in the borough to drive growth and employment opportunities for local people.

3. Economic Context (at October 2025)

- 3.1 UK inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August. This is well above the Bank of England's 2% target. Core inflation for general goods rose from 3.4% to 3.8% between March and July, before falling back to 3.6% in August. Services inflation decreased from 5% in July to 4.7% in August.
- 3.2 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 3.3 The Bank of England's Monetary Policy Committee reduced interest rates from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 0.25% cut, with the minority wanting no change. In September, seven MPC members voted to hold rates, while two preferred a 0.25% cut. The Committee's views still differ on whether the upside risks from inflation

expectations and wage setting outweigh downside risks from weaker demand and growth.

- 3.4 The August BoE Monetary Policy Report highlighted that after peaking in Q3 of 2025, inflation is projected to fall back to target by mid-2027. GDP is expected to remain weak in the near term, while over the medium-term outlook will be influenced by domestic and global developments.
- 3.5 Arlingclose, the Council's treasury adviser, maintained its central view that interest rates would be cut further as the Bank of England focused on weak growth more than higher inflation. One more cut is currently expected during 2025/26, taking interest rates down to 3.75%. The risks to the forecast are balanced in the near-term, but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the Autumn Budget and the impact this will have on the outlook.
- 3.6 Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting rates to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to 0.5% lower rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3% and an unemployment rate of 4.5%.
- 3.7 After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise.
- 3.8 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.7%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39%, with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

4. Borough Profile

- 4.1 Newcastle-under-Lyme has a population of 127,700 (2024 mid year estimate), an increase of 4,700, or 3.8%, since the 2021 mid year estimate. This is a larger increase than for Staffordshire as a whole (3.3%) and similar to England (3.7%) and the West Midlands (3.9%).
- 4.2 In the ten years from 2014-2024, the percentage of the borough's population aged 70+ increased from 14% to 16%, keeping this rate higher than across the West Midlands region (14%) and England (14%), though slightly lower than Staffordshire's rate of 17%.
- 4.3 The overall population has increased by 3.4% over the past decade (2014-2024), but with the number of residents over 65s increasing by 12%, lower than the Staffordshire increase of 17%, the England increase of 16% and the West Midlands increase of 13%.
- 4.4 The 2024 median age for the borough is 42 years, higher than for the West Midlands (40) and England and Wales (41) but lower than Staffordshire (43). The borough's median is the same as it was in 2010.

4.5 It is estimated that the number of households in the Borough will increase to 59,200 by 2029, and to 62,100 by 2039.

4.6 Measured through the average rank for IMD 2019, Newcastle-under-Lyme is the 150th most deprived local authority in England, out of 317 overall. Newcastle's ranking compared with other local authorities in England has improved slightly from 156th in 2015. In terms of Health Deprivation and Disability the borough is the 80th most deprived local authority but 197th most deprived in terms of Barriers to Housing and Services.

4.7 Parts of the borough including Cross Heath and Knutton are in the 10% most deprived areas in England. Further parts of Holditch and Chesterton, Kidsgrove and Ravenscliffe, Crackley and Red Street, Town and Westlands are also in the 20% most deprived. However, parts of Loggerheads, Westbury Park and Northwood, Madeley and Betley and Westlands are in the top 10% least deprived parts of England, with parts of Clayton, Crackley and Red Street, Thistleberry, Westlands, Bradwell, Madeley and Betley, Newchapel and Mow Cop in the top 20% least deprived.

4.8 Across the borough in 2024, the annual mean gross weekly pay for full-time workers was £675. This was lower than for the West Midlands (£690) and Great Britain (£730).

(Gross weekly pay for full-time workers)

	Newcastle-under-Lyme	West Midlands	Great Britain
Females	£665	£635	£673
Males	£695	£727	£778
Overall	£675	£690	£730

4.9 In the year up to December 2024, an estimated 75% of residents aged 16-64 were classed as 'in employment', slightly higher than the West Midlands (74%) and very similar to Great Britain (75.3%).

4.10 As of 2023, a little over two-thirds (68.2%) of residents' jobs were full-time, with the remaining 31.8% part-time. This is very similar to the rate for the West Midlands (68.5%) and Great Britain (68.8%).

4.11 According to official crime summary data, the number of recorded crimes for headline offences in Newcastle-under-Lyme between April 2024 and March 2025 was 8,002, down from 8,287 for the previous 12 month period.

4.12 The crime rate for headline offences from April 2024 to March 2025 was 64 per 1,000 residents, lower than the Staffordshire rate of 75 per 1,000 people and significantly lower than for the West Midlands (85) and England and Wales (87).

4.13 In Newcastle-under-Lyme the three most common types of recorded crime in 2024/25 were:

- Violence against the person (3,479)
- Theft offences (2,120)
- Stalking and harassment (1,422)

4.14 The latest available local estimates from the ONS (Life Expectancy at Birth 2023) suggest that life expectancy at birth for males born in Newcastle-under-Lyme is 79.2 years, which is broadly similar to the Staffordshire (79.7 years) and the England average (79.2 years). Female life expectancy is 82.1 years, slightly lower than that for Staffordshire (82.9 years) and England (83.0 years).

4.15 Across the borough, the age-standardised mortality rate (avoidable mortality) of 337 was higher than the Staffordshire rate of 313 and England's 331, but lower than the West Midlands rate of 347.

4.16 There are circa 58,500 homes in the borough (2024). At the 2021 Census housing tenure was as follows:

- Owned outright 38%
- Owned with mortgage/loan 30%
- Social rented 17%
- Private rented 15%

4.17 Across 2024, the local housing affordability ratio i.e. median house price compared to median gross income was 6.1, lower than in all of the other Staffordshire districts except East Staffordshire. Across the West Midlands the ratio is 6.9, and across England it is 7.7.

4.18 In 2024, 86% of residents of working age had qualifications at level RQF1 or above, slightly lower than the 87% across the West Midlands and the Great Britain average of 89%. However, an estimated 47% of adults aged 16-64 were qualified to level RQF4 or above – higher than the West Midlands rate of 43% and the same as the Great Britain rate of 47%.

4.19 The unemployment claimant count for the borough of 3% as at July 2025 was slightly higher than Staffordshire's rate of 2.8%, but lower than Great Britain's 4%. As with most of the country, there has been an increase from March 2020 when the rate was 2.4%. There is some variance across the borough – in four wards the rate is higher than the national average, in four wards it is lower than half that rate.

5. Refresh of Financial Assumptions

5.1 Council agreed a five year Medium Term Financial Strategy in February 2025 covering the period 2025/26 to 2029/30. For 2025/26 Net Expenditure of £19.730m on services was budgeted for with a Council Tax Requirement of £8.879m. There is a Council Tax Base of 39,807 and a Band D Council Tax of £223.04. There was a balanced budget for 2025/26 but a forecast gap of £3.385m across the period 2026/27 to 2029/30.

5.2 The MTFS gaps have been rolled forward a year to cover 2030/31, this was reported to Cabinet on 2 September 2025 and on 2 December 2025 and the assumptions updated, further updates will be reported to Cabinet on 13 January 2026 and finally on 3 February 2026. The budget setting process cumulates in an updated gap being reported to Council on 11 February 2026.

5.3 The MTFS has been revised to reflect current information and includes an estimate of pressures that have both a short and medium term impact on the tax base for Council Tax and Business Rates.

5.4 Overall, rolling forward a year the Council is forecast to have a funding gap of £4.649m over the next five years. £1.599m of this is in 2026/27 and whilst the overall strategy is to have a balanced five year plan the focus of attention will be on this first year.

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Income	95	(143)	(236)	(295)	(305)	(884)
Expenditure	1,504	1,026	928	845	1,230	5,533
Gap	1,599	883	692	550	925	4,649

Income

5.5 A provision for income losses of £0.100m has been built in for each year of the MTFS. An assumed annual increase in fees and charges has also been included of 3.8% for 2026/27 and 3% for each year thereafter.

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
National Insurance	233	-	-	-	-	233
Settlement Funding Assessment	126	454	472	(78)	(79)	895
Recovery Grant/ Allowance for Funding Impact	-	(398)	(500)	-	-	(898)
Fees and Charges	(364)	(299)	(308)	(317)	(326)	(1,614)
Income Pressures	100	100	100	100	100	500
Total	95	(143)	(236)	(295)	(305)	(884)

Government Grant

5.6 Funding received and retained by the Council in 2025/26 that is subject to redistribution under the Fair Funding Review amounts to £9.360m, including the benefits referred to at 2.17, for 2026/27 this will amount to £9.234m – a reduction in funding of £0.126m. With further reductions of £0.454m in 2027/28 and £0.472m in 2028/29. As part of the 2025/26 budget setting £0.500m was set aside to contribute to this anticipated reduction, it is anticipated that this will be utilised in 2027/28 and 2028/29.

Business Rates

5.7 There have been significant impacts to Business Rates as a result of the Covid-19 crisis. Firstly, there have been a wide range of interventions from Government with extensive discounts and also provision of grant to small businesses. These discounts have been matched with Section 31 grant and have therefore not impacted the Council's bottom line.

5.8 The MTFS currently assumes an inflationary increase of 3% of the Council's retained Business Rates in each year resulting from development within the Borough.

Council Tax

5.9 The Council has a housing market supply requirement of 3,718 properties over the 5 year period of the MTFS. The MTFS assumes that the requirement will be met per the trajectory in the draft Local Plan, thus increasing the tax base accordingly. The MTFS assumes a Council Tax increase of 1.99% per Band D property for all years.

5.10 The Council operates a Council Tax Support scheme, introduced following the localisation of support by Government at the start of austerity. Increased levels of Council Tax Support were awarded during 2020/21 in the midst of the Covid-19 pandemic. The MTFS forecast assumes that the levels of support have now returned to pre-pandemic levels, however this will continually be reviewed.

Savings/Income Generation

5.11 To date savings of £1.599m have been identified for 2026/27 enabling a balanced position to be proposed. A further £2.641m has been identified to close the gap for the remainder of the MTFS.

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Income	87	119	50	50	50	356
Staffing Related	781	-	-	-	-	781
Good Housekeeping	66	275	50	50	50	491
Tax Base	212	264	348	317	267	1,408
Council Tax Increase	179	182	186	190	193	930
Other Financing	274	-	-	-	-	274
Total	1,599	840	634	607	560	4,240

Expenditure

5.12 Employee pressures relate to assumed pay awards of 3%, pension contributions at a rate of 19% of salaries (reduced from 22%) and national insurance contributions at a rate of 15% of salaries for 2026/27 and for all years thereafter. For 2025/26 a pay award of 3.5% was assumed, the actual pay award has been confirmed as 3.2% resulting in a saving of £0.054m, this has been reflected in the MTFS.

5.13 Changes to Employers National Insurance Contribution rates and the associated thresholds for 2025/26 amounted to a pressure of £0.403m, it was confirmed on 3 February 2025 that only £0.170m of this will be reimbursed by Central Government, as such a pressure of £0.233m for 2026/27 has been recognised.

5.14 A small number of new pressures facing the Council in 2026/27 have also been provided for, these include an allowance for costs associated with Local Government Re-organisation amounting to £0.400m (decreasing to £0.200m in 2027/28 and nil in 2028/29) and temporary accommodation demands (£0.194m).

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Employees	649	726	708	714	731	3,528
Premises	65	53	55	56	58	288
Transport	21	17	17	18	18	91
Financing	90	175	38	(4)	363	662
Pressures	679	55	110	60	60	964
Total	1,504	1,026	928	845	1,230	5,533

Inflation

5.15 Provision for price increases is made in line with the Bank of England target for CPI (Consumer Price Index) where appropriate.

Investment

5.16 The base budget includes an annual contribution to the Civic Growth Fund (formerly known as the Borough Growth Fund) of £0.250m to fund investment in key Council priorities. At the present time the assumption is that this level of investment will continue over the life of the MTFS.

Capital financing

5.17 The proposed Capital Programme for 2026/27 to 2028/29 is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2022-26. These schemes total £110.010m including major investment into the Borough via external funding in terms of the Town Deals Fund for both Newcastle and Kidsgrove and associated projects.

5.18 The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the MTFS. The Capital Financing Requirement is set to increase to £31.279m by 2027/28 based on the 3 year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2026/27 to 2028/29 (£11.386m).

6. In Year Response to Financial Pressures Arising from Covid-19 and Cost of Living Crisis

6.1 There continues to be a small amount of uncertainty at present with regards to the recovery of lost income levels resulting from the Covid-19 pandemic and the impact of the Cost of Living Crisis. The medium term therefore contains risks around loss of income, these are included as part of the risk assessment informing the Council's level of reserves. A number of steps have been taken in year, or are planned for future periods to continue to address the financial impact and ensure that the Council remains financially resilient including:

- A review of income forecasts as part of monthly budget monitoring processes.
- Maintaining spend within the existing budget envelope as far as possible.
- Identifying management action to reduce in year cost pressures.
- Re-focusing the income collection approach to reduce the impact of bad debt.
- Reassessment of Capital Programme commitments.
- A comprehensive review and risk assessment of the Council's reserves.
- Use of grants to substitute for existing spend wherever possible.
- Asset review to maximise receipts from disposals.

7. Approach

7.1 The following section sets out the central approach to developing the Medium Term Financial Strategy for 2026/27 to 2030/31.

Foundation analysis

7.2 Over the summer and early autumn the groundwork for the MTFS has been undertaken which is primarily the review of the Borough Profile, assessment of the Cost of Living Crisis, a full benefit opportunity assessment and benchmarking to give a clear context in which to identify areas for investment and redirection of resources, opportunities for efficiency and income generation and service reconfiguration. Service level benchmarking has primarily been based on the MHCLG Revenue Outturn data focussed on the Council's CIPFA statistical "nearest neighbours" and Staffordshire geographical near neighbours. Spend has also been mapped to strategic priorities and outcomes.

One Council

7.3 The One Council Programme has completed the initial 3 year programme of works. The programme has been successful in realising £1.173m of reoccurring savings, has implemented process improvements, and had a positive impact on the culture of the Council through seeking continuous improvement to services. This approach of improvement and change is now embedded within service provision.

7.4 Due to the success of the One Council Programme, three further workstreams have commenced. These workstreams will focus on the sustainable agenda (One Green Council) the digital agenda (One Digital Council) and the commercial strategy (One Commercial Council).

7.5 The One Green Council will focus on the Sustainable Environment Strategy in order to achieve the Council's Net Zero target in 2030 and the Borough's Net Zero target in 2050.

7.6 The One Digital Council will focus on the delivery of the Digital Agenda and the continuous improvement of services via technology.

7.7 The One Commercial Council will concentrate its activity on the Commercial Strategy, reviewing commercial options in order to generate additional income for the Council whilst improving service delivering and organisational efficiency.

Commercial

7.8 The Council's Commercial Strategy was updated and approved by Full Council in February 2025. The vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium Term Financial Strategy.

7.9 As a Council which adopts a commercial mind-set across the organisation, we expect staff to think innovatively and deliver services differently. We will use commercial principles to maximise the impact of our assets (whether physical or intangible) to benefit our communities and deliver financial sustainability.

7.10 The primary objective is to use the Council's resources as effectively and efficiently as possible when delivering the Council Plan. Achievement of the primary objective will come in part through the following:

- Developing a commercial culture
- Putting sound governance in place – being clear about responsibilities, authorities, processes, templates and funding
- Ensuring there is appropriate performance management in place for commercial initiatives

7.11 The overarching aim of this strategy is to deliver a financial return, which contributes to the Council's efficiencies and additional income targets. This will help to safeguard, and develop, frontline services that the Council currently provides and enhance the Council's ability to invest in its place shaping agenda.

Property

7.12 The Council's updated Asset Management Strategy for 2023-2028 was approved by Council in February 2025 as part of the 2025/26 budget setting process. The Asset Management Strategy provides a clear framework for understanding the value and

condition of property owned by the Council so that, in turn, investment decisions can be taken to optimise the use of the said land/property to meet the needs of the Borough's residents, businesses and visitors.

7.13 The Asset Management Strategy directs the Council's disposal of surplus land and property assets, it also sets out the approach to managing the Council's assets, both those that are operational and those that are commercial.

7.14 A key element of this is ensuring that all buildings and land holdings continue to meet the needs of our users and are effective to manage. The Council needs to ensure that assets maximise income where they are commercial assets to ensure that the Council generates income to support operational costs and investment plans.

8. Reserves

8.1 Forecast balances for the Council's reserves as at 31 March 2026 and 31 March 2027 are as follows:

Reserve/Fund	Balance 31.3.25 (£'000's)	Forecast Balance 31.3.26 (£'000's)	Forecast Balance 31.3.27 (£'000's)
General Fund	2,007	2,007	2,225
Walleyes Quarry Reserve	591	441	400
Budget and Borrowing Support Fund	503	440	520
Budget Support Fund (Local Plan)	185	-	100
Budget Support Fund (Homelessness)	324	152	102
Civic Growth Fund	19	-	-
Conservation & Heritage Fund	31	20	20
Mayor's Charity Fund	7	-	-
Museum Purchases Fund	34	55	65
Business Rates Reserve	1,363	2,675	1,914
Elections Reserve	129	179	-
Small Repairs Reserve	28	-	-
Maintenance Fund	283	200	200
Waste & Recycling Reserve	-	329	250
Planning Appeals Reserve	-	100	100
Clayton Community Centre Fund	13	8	8
Totals	5,517	6,606	5,904

8.2 A full reserves risk assessment is completed as part of the 2026/27 budget preparation. Based on a preliminary assessment it is considered that the current balance of the general fund reserve provides sufficient cover for foreseeable risks.

8.3 It should be noted that the balance of the Business Rates reserve is to be held to mitigate against future collection fund losses and as a contingency in the event that the Fair Funding Review varies significantly from the Council's estimates. A deficit relating to 2024/25 and 2025/26 will be repayable by the Council in 2026/27 – the reduced forecast balance at 31 March 2027 of the reserve reflects this repayment.

9. Capital Strategy

9.1 The Council agreed its Capital Strategy and ten year Capital Programme 2025/26 to 2034/35 in February 2025, this is refreshed on an annual basis as part of the budget setting process. The Capital Strategy explains how the Council invests its capital funds and the various sources of funding and how this facilitates the delivery of its objectives.

9.2 The main governance of the Capital Strategy is through the Capital, Assets and Commercial Investment Review Group which:

- Reviews and recommends to Cabinet all new General Fund Capital projects
- Ensures capital resources are viewed corporately with a clear link to corporate objectives
- Ensures any revenue costs are identified and considered in the Treasury Management Strategy and the Council's MTFS
- Develops a Capital Strategy which supports the Council's corporate objectives
- Oversees the development and implementation of the asset management and commercial strategies
- Reviews new capital project and on behalf of Cabinet.

9.3 As part of the Efficiency Board process every capital scheme and in-year capital commitment has been reviewed.

9.4 The draft ten year Capital Programme for the period 2026/27 to 2035/36 provides for investment into the Borough. This programme will be funded by capital receipts, significant external contributions (Town Deals) and borrowing. The revenue impact of borrowings has been included within the MTFS.

10. Treasury Management Strategy

10.1 The Council agreed its Treasury Management Strategy for 2025/26 in February 2025, the strategy for 2026/27 will be updated alongside the proposed budget and capital programme as part of the 2026/27 budget setting process.

10.2 As referred to in the above section, the Council will be required to borrow to fund the draft Ten Year Capital Programme. The PWLB and Council to Council borrowing are the primary borrowing options that the Council is currently reviewing to fund borrowing in relation to the capital programme.

10.3 The Capital Financing Requirement is set to increase to £31.279m by 2028/29 based on the 3 year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the periods below (£11.386m).

Funding Stream	Capital Receipts (£000's)	External Contributions (£000's)	Borrowing (£000's)	Regeneration Borrowing (£000's)	Total (£000's)
2025/26	1,530	26,590	7,515	-	35,635
2026/27	5,050	16,583	1,634	47,225	70,492
2027/28	4,350	3,871	3,217	23,035	34,473
2028/29	17,717	1,675	(980)	(13,367)	5,045
Total	28,647	48,719	11,386	56,893	145,645

11. Budget Preparation Timetable

11.1 Work on the development of budget proposals for 2026/27 is at an advanced stage. The final revenue budget and Council Tax proposals, along with the Capital Strategy, Capital Programme and Treasury Management Strategy will be presented for approval at Council in February 2026.

11.2 An Efficiency Board chaired by the Leader of the Council plays a key role in shaping the MTFS and providing input and challenge to savings and investment proposals.

Appendix A – Summary of Refreshed MTFs Assumptions

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Employees	649	726	708	714	731	3,528
Premises	65	53	55	56	58	288
Transport	21	17	17	18	18	91
Financing	90	175	38	(4)	363	662
Pressures	679	55	110	60	60	964
Income	95	(143)	(236)	(295)	(305)	(884)
Total	1,599	883	692	550	925	4,649
Savings						
Income	87	119	50	50	50	356
Staffing Related	781	-	-	-	-	781
Good Housekeeping	66	275	50	50	50	491
Tax Base	212	264	348	317	267	1,408
Council Tax Increase	179	182	186	190	193	930
Other Financing	274	-	-	-	-	274
Total	1,599	840	634	607	560	4,240
Gap/(Surplus)	-	43	58	(57)	365	409